

[Company Name]
[Company Address]
[Date]

Subject: Important Update Regarding Compensation

Dear [Employee Name],

I am writing to share an important update regarding the financial health of [Company Name]. As you are aware, our business is currently facing significant challenges due to [reason for hardship, e.g., economic downturn / industry shifts].

To ensure the long-term stability of the company and to avoid more permanent measures such as layoffs, we have made the difficult decision to implement a temporary reduction in salary for all employees.

Effective [Start Date], your gross annual salary will be reduced by [Percentage]% to [New Salary Amount].

Please note the following details regarding this change:

- This is a temporary measure that will be reviewed on [Review Date].
- We intend to restore salaries to their previous levels as soon as business conditions allow.
- Your core benefits, such as [Health Insurance/Retirement Contributions], will [remain unchanged / be adjusted accordingly].

We understand the impact this has on you and your family. We deeply value your contributions and appreciate your dedication during this challenging period. Our goal remains to protect as many jobs as possible while navigating these circumstances.

Please sign and return a copy of this letter by [Deadline Date] to indicate your acknowledgment and acceptance of these temporary terms.

Sincerely,

[Sender Name]
[Sender Title]

Employee Acknowledgment:

I acknowledge that I have received this letter and understand the temporary change to my compensation.

Signature: _____ Date: _____